

## **Government Reform and Restructuring Commission**

Patrick Henry Building- East Reading Room  
July 20, 2010- 9:00 am

Meeting Attendees: Fred Malek, Benjamin Lambert, Mayor Paul Fraim, Delegate G. Glen Oder, Ron Tillet, Alexandra Liddy-Bourne, Delegate Bob Brink, Secretary Rick Brown, Howard Estes, Bruce Gemmill, Secretary Lisa Hicks Thomas, Michelle Jenkins, Suzy Kelly, Senator Ryan McDougle, Alexander McMurtrie, Maurice McTigue, Senator Mark Obenshain, Jack Rust, Geoff Segal, Gilbert Shelton, Delegate Lee Ware, Senator Mary Margaret Whipple, Dubby Wynne, Senator Louise Lucas, Scott Pattison, Delegate William Howell, Councilwoman Alicia Hughes, Heather Cox (teleconference)

Commission Senior Advisors: Mike Thompson, Bill Leighty, Dan Rothschild

Commission Staff: Mike Reynolds, Matt Bruning

Presenters: Jane Kusiak (Council on Virginia's Future), Eric Finkbeiner (Governor's Policy Office)

### Opening

Chairman Fred Malek called the meeting to order at 9:00. Mr. Malek explained the mission of the Commission and its activities so far, including seven public town halls across the state. He said that the Commission has received over 1,300 suggestions for government reform from state employees and the general public.

### Presentations

“Council on Virginia's Future”- Jane Kusiak, Executive Director, Council on Virginia's Future (CVF)

- Ms. Kusiak discussed the mission and membership of the Council on Virginia's future. Ms. Kusiak highlighted some of CVF's performance measures for state agencies and regions and emphasized the potential for improvements using the state's productivity investment fund.
- Comments: Delegate Oder said that in town hall meetings, many state agency employees had mentioned wasteful spending associated with the use it or lose it budget system. Ms. Kusiak said the CVF was working on the issue of the use it or lose it budget system. Secretary Brown mentioned the 3% bonus to state employees this year, and said the state should examine gain-sharing incentives for agencies to encourage them to find savings. Mr. Tillet asked what CVF was doing to promote regional sharing of services. Ms. Kusiak said CVF wasn't currently pursuing the issue, but that in the past, CVF had reviewed the issue with an economist. She suggested that incentives would be needed to encourage regionalism.

“Overview of Town Halls and Public Feedback”-Mike Reynold, Deputy Director, Governor's Policy Office

- Mr. Reynold said the Commission had held town halls around the state, which over 500 people attended in total. Mr. Reynolds said the Commission had received a number of good ideas from the town halls and directed any other citizens with recommendations to submit them at the Commission's website at [www.reform.virginia.gov](http://www.reform.virginia.gov). Mr. Reynolds said that recommendations received by the Commission would be posted online for comment. He added that the next meeting of the Commission is August 26<sup>th</sup> and that the first Commission report will be available on September 10<sup>th</sup>.
- Comments: Chairman Malek thanked Mr. Reynolds for his presentation and said the Commission would continue its activities beyond the September report.

“Consolidation of Shared Services: Committee Update and Discussion”- Committee Chair Ron Tillet and Jack Rust

- Mr. Tillet said that the Committee is using a four step process to develop recommendations: identifying and reviewing prior government reform studies, working with state agencies on issues, discussing issues within the committee, and then making recommendations. Mr. Tillet mentioned some of the items that the Committee has been investigating, such as establishing an Inspector General, developing a complete inventory of state property holdings and streamlining enterprise content management and state data management. Jack Rust said the several existing inspector general under cabinet secretaries could be consolidated into one independent office.
- Comments: Chairman Malek asked if the State currently knew how much property it holds. Secretary Hicks Thomas said the Department of General Services had some information, but that the data was incomplete because of inconsistency in agency reporting. Mr. McTigue said that a registry of state property should be online and searchable by users. Mr. Thompson noted that the state owns about 13,000 buildings. Secretary Hicks-Thomas added that by code, each agency should have a land use plan. Delegate Oder said a presentation by C.B. Richard Ellis to the Simplifications and Operations committee suggested a decrease in government facilities procurement in recent years. Ron Tillet said property inventory could be an issue that two or more committees work on. Delegate Ware asked if there were examples of other states that created an Inspector General position, which Mr. Rust said there are. Mr. McTigue said there are numerous successful international examples.

“Customer Service, Transparency & Accountability Committee Update and Discussion”- Maurice McTigue, Senator Mark Obenshain, Bruce Gemmill

- Mr. McTigue outlined the Committee’s activities and some of the ideas the Committee is pursuing, including the following: one stop customer service centers, a shared data portal for state agencies, establishing standards for the commonwealth’s online data and standardizing accounting procedures across state agencies. Senator Obenshain added that there was a lack of uniformity in agencies’ organizational charts and that the Commonwealth needs a policy for using social media. Mr. Gemmill stressed the need for transparency standards for State data online and said that the State should be able to publish information online rather in newspapers.
- Comments: Delegate Brink said the State should consult with technology agencies in Northern Virginia about how to find cost savings online. Chairman Malek said that Indiana had started to include more state services at its Department of Motor Vehicles (DMV) and asked if the committee had a report on this. Mr. Reynold said the committee could obtain the report. Senator Whipple asked how many DMV customer service centers were in Virginia. Mr. McTigue said that there are 74 customer service centers. Senator McDougle reminded the Commission that not all citizens have internet access for online transactions with the DMV. Mr. Rust commented that agencies should focus on delivering more services via online transactions. Mr. McTigue said by setting agency benchmarks for online transactions, some state services could be moved online more rapidly. Mr. Shelton asked how much the Virginia DMV budget was reduced by moving more transactions online. Mr. McTigue said he did not know how much the budget was reduced, but that error rates have been shown to be reduced when transactions are moved online. Mr. Estes asked if the committee was examining a potential Inspector General position. Mr. McTigue replied the committee was looking at standardizing accounting methods, which would be needed for a state Inspector General. Secretary Brown said there were some accounting standards, but that agencies have discretion concerning what cost items go into what categories. Mr. Tillet said standardization of accounting procedures would be part of creating an Inspector General. Mr. Shelton asked how

complex implementation of a portal system would be. Secretary Brown said a portal system was a long term goal.

“Intergovernmental Relations Committee Updates and Discussion”- Committee Chair Mayor Paul Fraim, Dubby Wynne, Bill Leighty

- Mayor Fraim said the Committee was examining the core functions of state government. Mr. Leighty said state agencies and localities need performance measures, not mandates; mandates make service providers focus on compliance rather than quality of services. Mr. Wynne stressed the need for regional partnerships between localities in order to realize economies of scale and to stop harmful competition between cities.
- Comments: Mr. Rust asked for an example of outcome standards versus mandates. Mr. Leighty said outcome measures were more strategic because they allow agencies to focus on what they see as core problems. Mr. Rust asked what would replace the state standards of quality if they were eliminated. Mr. Leighty said localities could generate performance measures. Mr. McMurtrie asked whether Mr. Wynne would advocate changing the Dillon Rule. Mr. Wynne answered he would not advocate changing the Dillon Rule, but its application should be examined. Mayor Fraim said the Dillon rule was overused and put too many mandates on localities.

“ABC Privatization Update”-Eric Finkbeiner, Director, Governor’s Policy Office

- Mr. Finkbeiner outlined the policy office’s research and work on the ABC privatization so far. Mr. Finkbeiner emphasized that if privatization was successful, ABC would still maintain law enforcement and monitor safety and health concerns associated with the sale of liquor. Mr. Finkbeiner outlined the four privatization strategies being considered.
- Comments: Mr. Rust asked how long a license to private businesses to sell liquor would last. Mr. Finkbeiner answered that the licenses would have a lifetime term, but that there would likely be some annual fees associated with them. Ms. Bourne asked if some regions of the state would lose stores when privatization occurred. Mr. Finkbeiner said that all areas that now have ABC stores would have licenses sold to sell liquor in that same area. He added that local governments would be able to object to potential liquor store locations. Delegate Brink asked what the plans were for current ABC employees and how the state would make up for lost revenue from ABC sales. Mr. Finkbeiner responded that many private businesses that would buy licenses to sell liquor wanted to employ former ABC employees and the governor’s office was working on a way to ensure privatization would not result in loss of revenue. Mr. McTigue asked if licenses would be tradable, site specific, and whether they would be increased over time. Mr. Finkbeiner answered that the licenses should be tradable with state approval, that licenses will also have a general area associated with them, and that the number of licenses could expand over time if necessary.

“Government Simplification & Operations Committee Update and Discussion”- Committee Chair Delegate Glenn Oder, Howard Estes, Geoff Segal (Committee Member)

- Delegate Oder gave a brief update on the Committee’s activities and listed some of the reform ideas the Committee was considering, including a four day workweek for state employees and abolishing the compensation board. Howard Estes added that constitutional officers’ services had not been reviewed since the 1990’s and that the committee was studying these positions to help make a decision matrix. Mr. Segal said the committee was developing a review process for existing boards and estimated that 25-30% of existing boards could be eliminated without harming the Commonwealth.

“Operational Savings Reviews”- Bill Leighty, Special Advisor to the Commission

- Mr. Leighty said ten to twelve state commodities would be selected for review. Mr. Leighty said state agency and businesses leaders would be paired into working groups to study the commodities by cost and best practices and to develop plans for reduction or better usage.
- Comments: Mr. Thompson said the General Assembly should be encouraged to develop cost cutting caucuses. Mr. McTigue asked if there would be considerations of agencies buying services from each other. Mr. Leighty said this is a goal of the project.

### Closing

Chairman Malek thanked the committees and other presenters at the meeting. The Commission split into Committee workgroups at 11:53.